# Appendix 17:

# ENFORCEMENT RULES OF THE SHANGHAI FUTURES EXCHANGE

# (revised)

## CHAPTER 1 GENERAL PROVISIONS

**Article 1** These *Enforcement Rules* are made in accordance with the *Articles of Association of the Shanghai Futures Exchange* and *General Exchange Rules of the Shanghai Futures Exchange* to strengthen the supervision over futures market, regulate futures trading, and safeguard the lawful rights and interests of futures market participants.

**Article 2** For the purpose of these *Enforcement Rules*, “violation” refers to any behavior of futures market participants and their staff members that violates the *Articles of Association*, rules, or other applicable provisions of the Shanghai Futures Exchange (the “Exchange”).

The term “futures market participants” in the preceding paragraph includes:

(i) Members;

(ii) Overseas Special Participants (“OSPs”);

(iii) Overseas Intermediaries;

(iv) Market Makers;

(v) Clients;

(vi) Delivery Storage Facilities and other delivery service providers;

(vii) Designated Depository Banks;

(viii) Designated Inspection Agencies;

(ix) IT service providers; and

(x) Other participants of the futures market as recognized by the Exchange.

**Article 3** The Exchange investigates, identifies, and deals with violations based on the fact and in a fair and impartial way.

**Article 4** Where a futures market participant has already been punished by any administrative or judicial authority for violation, the Exchange may impose a lighter or lesser penalty or no penalty at its discretion.

**Article 5** These *Enforcement Rules* are applicable to all activities related to the futures trading conducted on or through the Exchange.

## CHAPTER 2 EXAMINATION

**Article 6** “Examination” refers to the inspections and investigations that the Exchange conducts over the business activities of futures market participants according to the rules and other applicable provisions of the Exchange.

An examination may be conducted on-site or off-site.

**Article 7** The Exchange may exercise the following powers to carry out an examination:

(i) accessing and making copies of any futures trading-related information and materials;

(ii) requiring futures market participants to provide such reports as annual reports and third-party audit reports; requiring OSPs, Overseas Intermediaries, and overseas Clients to provide supervisory reports issued by overseas regulatory authorities;

(iii) investigating, interviewing, and requesting evidence from futures market participants;

(iv) requiring futures market participants to report, represent, explain, and describe relevant matters;

(v) inquiring bank accounts in relation to the futures business of the futures market participants;

(vi) checking the IT systems of futures market participants used during futures-related activities, including trading, clearing, and financial systems;

(vii) stopping, correcting, and handling violations; and

(viii) exercising any other powers as set forth by laws, regulations, and administrative rules or by the rules of the Exchange.

**Article 8** Futures market participants shall accept the supervision and administration of the Exchange, and cooperate with the Exchange during its examinations.

**Article 9** The Exchange may conduct regular and *ad hoc* inspections on the activities of futures market participants in accordance with its rules and other applicable provisions.

**Article 10** The Exchange provides a channel for complaints and whistleblowers. A complainant or whistleblower shall reveal his or her true identity clearly. If he or she does not want to be identified, the Exchange shall keep the information secret.

**Article 11** The Exchange shall investigate clues or tips to violations identified during a routine supervision, provided by complaints or whistleblowers, referred by futures regulatory or judiciary authorities, or obtained from other sources. If the Exchange believes that a suspected violation warrants disciplinary actions, it shall formally place it on file and notify the parties involved; if it suspects a violation but the circumstances of which are evidently minor and have not caused adverse impact on the futures market, it may impose on the relevant party such self-regulatory measures as inclusion into its watch list, verbal warning, issuance of a written warning letter, self-regulatory talk, and requirement for submission of a written undertaking.

**Article 12** For any suspected violation for which a file has been opened, the Exchange shall designate dedicated individuals to conduct the investigation. The investigation and evidence collection process shall be conducted by at least two (2) investigators who shall produce their badges or documentation issued by the Exchange.

**Article 13** An investigator shall apply for recusal from an investigation if, in his or her opinion, he or she has an interest in the case or would otherwise affect the impartial handling of the case.

A respondent has the right to apply for the recusal of an investigator who, in the respondent’s opinion, has an interest in the case or would otherwise affect the impartial handling of the case.

The Exchange shall order the investigator to recuse himself or herself from the investigation when it deems necessary.

The recusal of an investigator shall be determined by the principal of the Exchange’s audit department. The recusal of the principal shall be determined by the Exchange’s President and Chief Executive Officer.

**Article 14** Evidence includes documentary and physical evidence, representations of the parties, testimony of witnesses, investigative records, forensic examiner’s opinions, visual or audio materials, and electronic data that can prove the facts of a case.

Evidence shall serve as the basis for a ruling only after being verified.

**Article 15** Investigators shall make investigative record when questioning a respondent. The investigative record shall be verified by the respondent before the respondent and the investigators signs it. If the respondent refuses to sign, the investigators shall specify the reasons on the record.

When collecting documentary evidence, physical evidence, audio and video materials, electronic data, or other types of evidence, investigators shall make a note stating when and where the evidence were collected. The note shall be signed or affixed with the stamp of the provider.

The forensic examiner’s opinion shall be issued a competent forensic examination center recognized by the China Securities Regulatory Commission (“CSRC”) or the Exchange, and sealed and signed by the forensic examination center and the forensic examiner respectively.

**Article 16** An investigator shall strictly observe the confidentiality rules and shall not abuse powers during inspection and investigation.

A futures market participant shall strictly abide by confidentiality obligations when undergoing the inspection and investigation of the Exchange.

**Article 17** Where a futures market participant is under a formal investigation by the Exchange for any suspected illegal act or violation, the Exchange may, before making a decision on the case, take the following restrictive measures against the futures market participant to prevent additional adverse impact of the violation and ensure the enforcement of the decision:

(i) suspending the assignment of new trading code;

(ii) limiting funds withdrawals;

(iii) limiting funds deposits;

(iv) limiting the delivery business of a Delivery Storage Facility, the relevant businesses of the delivery service provider, the depository business of the Designated Depository Bank or the IT service of the IT service provider;

(v) reducing the position limit, hedging position quota, arbitrage position quota, or the maximum quantity of standard warrants held;

(vi) restricting the opening of positions;

(vii) raising margin requirement;

(viii) requiring the close-out of positions within a specified time period; and/or

(ix) executing forced position liquidation.

The Exchange shall promptly report its decision to the CSRC after taking any measure under sub-paragraphs (vii) to (ix) of the preceding paragraph.

If the Exchange takes any restrictive measure, it shall notify the party concerned in writing, over a telephone with recording capabilities, or by other traceable means and explain the basis for taking the restrictive measure.

## CHAPTER 3 HANDLING OF VIOLATIONS

**Article 18** Where a futures market participant has committed multiple violations, each violation shall be determined separately and the penalties combined. Repeat offenders shall be subject to heavier or aggravated penalties.

If an institutional participant is found to have engaged in any of the violations, the Exchange may impose disciplinary actions on the person directly in charge and other responsible persons in accordance with these Enforcement Rules.

**Article 19** An FF Member that violates any management rules on brokerage business in any of the following ways shall be required to make corrections and be subject to forfeiture of any gains arising from the violation; depending on the severity of the violation, the FF Member will be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, forced position liquidation, suspension of part of its futures or options business, suspension of position opening for no more than twelve (12) months, revocation of membership, and/or being declared as a “prohibited market participant”; in addition, a fine of up to five hundred thousand yuan (RMB500,000) may be imposed if there are no earnings resulting from the violation or the amount of the earnings is less than one hundred thousand yuan (RMB100,000), or a fine of one (1) to five (5) times the amount of the earnings may be imposed if the earnings are no less than one hundred thousand yuan (RMB100,000):

(i) executing futures orders for any Client who fails to complete the account opening procedures or completes the procedures in a way not conforming to the specified requirements;

(ii) violating any management rules on trading code;

(iii) failing to duly perform its review obligations and processing account opening procedures for a Client who does not meet relevant requirements;

(iv) failing to duly perform its obligations of trader suitability management;

(v) failing to truthfully disclose the risks of futures trading to a Client or failing to cause a Client to sign the risk disclosure statement;

(vi) promising a Client of investment profits or privately agreeing with a Client to share profits or losses;

(vii) failing to execute trades for itself or others according to relevant rules;

(viii) failing to follow a Client’s trading instructions, intentionally preventing, delaying, or changing a Client’s orders, or inducing or coercing a Client into trades;

(ix) failing to send Clients’ orders to the Exchange for cross trading but trading privately;

(x) failing to segregate its own funds from its Clients’ funds;

(xi) unjustifiably withholding the funds that a Client withdraws or deposits;

(xii) allowing a Client without sufficient margin or premium to open new positions;

(xiii) misappropriating or, without authorization, allowing others to misappropriate any Client’s funds, or fraudulently diverting the funds from different accounts to other uses;

(xiv) intentionally making up or spreading false or misleading information;

(xv) divulging a Client’s instructions or other confidential trading information;

(xvi) failing to provide the Client with an execution record and settlement statement according to the relevant rules; or

(xvii) engaging in any other activity that violate the regulations and rules relating to the brokerage business prescribed by the CSRC and the Exchange.

**Article 20** An Overseas Special Brokerage Participant (“OSBP”) that violates any management rules on brokerage business in any of the following ways shall be required to make corrections and be subject to forfeiture of any gains arising from the violation; depending on the severity of the violation, the OSBP will be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, forced position liquidation, suspension of part of its futures or options business, suspension of position opening for no more than twelve (12) months, revocation of relevant qualifications, and/or being declared as a “prohibited market participant”; in addition, a fine of up to five hundred thousand yuan (RMB500,000) may be imposed if there are no earnings resulting from the violation or the amount of the earnings is less than one hundred thousand yuan (RMB100,000), and a fine of one (1) to five (5) times the amount of the earnings may be imposed if the earnings are no less than one hundred thousand yuan (RMB100,000):

(i) providing futures trading services to any Client that fails to complete the account opening procedures or fails to comply with the required account opening procedures;

(ii) violating any rules on trading code;

(iii) failing to perform its review obligations as required and opening an account for an unqualified Client;

(iv) failing to perform its obligations in trader eligibility management as required;

(v) failing to truthfully disclose to a Client the risks of futures trading or to sign the risk disclosure statement;

(vi) failing to trade for itself or others in accordance with applicable rules;

(vii) failing to trade in accordance with a Client’s instructions, deliberately blocking, delaying, or altering Client orders, or inducing or coercing a Client to trade;

(viii) matching and executing Client orders off the Exchange instead of sending them to the Exchange;

(ix) failing to segregate its own funds from its Client funds;

(x) fabricating or intentionally spreading false or misleading information;

(xi) divulging a Client’s instructions or other confidential trading information;

(xii) failing to provide a Client with the results of execution or any settlement statement in accordance with applicable rules; or

(xiii) committing any other violation of the rules of the CSRC or the Exchange on brokerage services.

**Article 21** A Member or OSP that engages in any of the following activities shall be required to make corrections and, depending on the severity of the case, be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, suspension of position opening for no more than twelve (12) months, and/or revocation of its membership or OSP certification:

(i) failing to perform the reporting obligations pursuant to the rules of the Exchange;

(ii) failing to submit financial statements and other relevant materials to the Exchange within the prescribed time period;

(iii) failing to submit large trader position reports to the Exchange as required or falsifying or withholding any information in the report;

(iv) failing to assist the Exchange in taking restrictive measures, disciplinary actions or other self-regulatory measures against its Client;

(v) failing to pay the annual membership fee or other related fees as required by the Exchange;

(vi) failing to keep materials on such matters as trading, clearing, delivery, finance, and accounting;

(vii) counterfeiting, tampering with, purchasing, or selling any certificate or approval;

(viii) transferring or disposing of membership, OSP certification, or trading seats without authorization;

(ix) engaging in illegal activities such as money laundering and malicious currency exchange through futures trading;

(x) failing to perform the obligations to collect information on Clients’ trading software and to authenticate connection of such software to the trading system of the Exchange as required;

(xi) failing to carry out Client management as required;

(xii) failing to complete filings for Overseas Intermediaries as required; or

(xiii) engaging in any other activity that violates the laws, regulations, or administrative rules of China or the *Articles of Association* or applicable provisions of the Exchange.

**Article 22** A Member or OSP that fails to exercise forced position liquidation within the prescribed time period with justification may, depending on the severity of the case, be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, suspension of part of its futures or options business, suspension of position opening for no more than twelve (12) months; in addition a fine of up to five hundred thousand yuan (RMB500,000) may imposed.

**Article 23** A Member that violates any clearing management rules of the Exchange in any of the following ways shall be required to make corrections and may, depending on the severity of the violation, be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, suspension of part of its futures or options business, suspension of position opening for no more than twelve (12) months, and/or revocation of membership; in addition, a fine of up to five hundred thousand yuan (RMB500,000) may be imposed:

(i) failing to pay margin on time and in full;

(ii) making untruthful or incomplete records in a settlement statement, monthly trading statement, or other clearing documents;

(iii) failing to segregate margin funds as required;

(iv) failing to conduct daily clearing as required;

(v) counterfeiting or tampering with any transaction records, accounting statements, or books;

(vi) issuing false invoices or counterfeiting other instruments;

(vii) failing to use the transaction fees reduced by the Exchange in a regulated manner; or

(viii) engages in any other activity that violates any clearing management rules of the Exchange.

**Article 24** An Overseas Intermediary that engages in any of the following activities shall be required to make corrections and, depending on the severity of the case, be subject to such disciplinary actions from the Exchange as warning, reprimand, and/or public censure:

(i) refusing to cooperate with the Exchange in investigating any violation of a Client;

(ii) violating the relevant provisions of the *Membership Management Rules of the Shanghai Futures Exchange* or the *Overseas Special Participants Management Rules of the Shanghai Futures Exchange*;

(iii) failing to perform its obligations of trader eligibility management as required; or

(iv) otherwise violating the rules of Exchange on Overseas Intermediaries.

For any Overseas Intermediary that falls under one of the above circumstances, the Exchange may, depending on the severity of the case, revoke its filing as an Overseas Intermediary; if it further fails to make corrections within the prescribed time period, or is suspected of violating relevant laws or regulations or has incurred significant risks, which in each case may undermine the robustness of the futures market or harm the lawful rights and interests of Clients, the Exchange may require its carrying FF Member or OSBP to suspend or terminate its brokerage service to the Overseas Intermediary.

Any Overseas Intermediary that is suspended or terminated from the brokerage services of its FF Member or OSBP shall not take on new Clients or open new positions and, if its Clients request to move their positions to another organization, shall provide cooperation.

**Article 25** A Member, OSP, Overseas Intermediary, or Client that provides or assists in providing false information when applying for any hedging or arbitrage position quota or otherwise violates applicable rules of the Exchange on hedging and arbitrage management will be required to make corrections and be subject to forfeiture of any gains arising from the violation; depending on the severity of the violation, such party may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, adjustment or cancellation of hedging or arbitrage positionquota, suspension of acceptance of hedging or arbitrage positionquota application, suspension of position opening for no more than twelve (12) months, suspension of part of its futures or options business, forced position liquidation, revocation of the relevant qualifications, and/or being declared as a “prohibited market participant”; in addition, a fine of up to five percent (5%) of the total value of its received hedging or arbitrage positionquota may be imposed.

**Article 26** A Non-Futures Firm Member (“Non-FF Member”), Overseas Special Non-Brokerage Participant (“OSNBP”), Market Maker, or Client that violates any position management rules of the Exchange in any of the following ways shall be required to make corrections and be subject to forfeiture of any gains arising from the violation; depending on the severity of the violation, such party may be subject to such disciplinary actions from the Exchange as forced position liquidation, warning, reprimand, public censure, suspension of position opening for no more than twelve (12) months, suspension of part of its futures or options business, and/or revocation of relevant qualifications; in addition, a fine of up to five percent (5%) of the total value of its open positions may be imposed:

(i) splitting positions across different accounts or through other improper means to evade the Exchange’s position limit;

(ii) being subject to forced position liquidation by the Exchange for holding excess position, except as a result of a failure to close positions on its own initiative due to price limit or other market reasons;

(iii) exceeding the position limit during delivery month or nearby delivery months on multiple occasions; or

(iv) engaging in any other activity that violates the position management rules of the Exchange.

If an FF Member, OSBP, or Overseas Intermediary fails to inform Clients of the position management rules of the Exchange in a timely, accurate, and complete manner, the Exchange may impose the corresponding disciplinary actions on it in reference to the provisions of the preceding paragraphs.

**Article 27** A Non-FF Member, OSNBP, Market Maker, Client, or any other futures market participant that evades and exceeds the Exchange’s trading limit through improper means shall be required to make corrections and be subject to forfeiture of any gains arising from the violation. Furthermore, depending on the severity of the case, such party may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, forced position liquidation, suspension of position opening for no more than twelve (12) months, suspension of part of its futures or options business, and/or revocation of relevant qualifications; in addition, a fine of up to five hundred thousand yuan (RMB500,000) may be imposed.

**Article 28** A Non-FF Member, OSNBP, Client, or any other futures market participant that violates the rules of the Exchange relating to the administration of accounts involving actual control relationship by any of the following ways shall be required to make corrections; depending on the severity of the violation, such party may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, suspension of position opening for no more than twelve (12) months, suspension of part of its futures or options business, or revocation of relevant qualifications; in addition, a fine of up to five hundred thousand yuan (RMB500,000) may be imposed:

(i) being involved in an actual control relationship but refusing to file relevant information truthfully;

(ii) refusing to respond without justified reason or to truthfully respond to the inquiry and investigation of the Exchange, or electing to conceal facts or evade inquiries;

(iii) failing to file its accounts involving actual control relationship or, on multiple occasions, evading the management of the Exchange in relation to such activities and circumstances as abnormal trading behaviors or risks;

(iv) submitting false information when applying for the cancellation of an actual control relationship; or

(v) engaging in any other activity that violates the rules of the Exchange on accounts involving actual control relationship.

If an FF Member, OSBP, or Overseas Intermediary fails to duly manage Client accounts that involve actual control relationship, or induce or assist its Clients to provide false information or conceal facts, the Exchange may impose the corresponding disciplinary actions on it in reference to the provisions of the preceding paragraphs.

**Article 29** A futures market participant that violates any management rules of the Exchange on information management, system management, and management of communication or other trading facility in any of the following ways shall be required to make corrections and be subject to forfeiture of any gains arising from the violation; depending on the severity of the violation, the Member may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, suspension of part of its futures or options business, suspension of position opening for no more than twelve (12) months, and/or revocation of relevant qualifications ; in addition, a fine of up to five hundred thousand yuan (RMB500,000) may be imposed:

(i) disseminating data owned by the Exchange without the permission of the Exchange;

(ii) using the computer or communication equipment at another Member’s trading seat without that Member’s permission;

(iii) stealing others’ confidential business information such as execution data and clearing funds through the trading seat

(iv) damaging the Exchange’s trading, clearing, delivery systems, or Standard Warrant Management System or failing to use them as instructed, which has disrupted the normal use of such systems;

(v) violating the rules of the Exchange on the access and connection of information systems; or

(vi) engaging in any other activities that constitute violation of the rules of the Exchange on information management, system management, or management of communication and other trading facility.

**Article 30** A Member, OSP, Overseas Intermediary, or Client that violates any rules of the Exchange when participating in standard warrants trading shall be required to make corrections. Furthermore, depending on the severity of the violation, such party may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, suspension of standard warrant business, and/or revocation of the relevant qualifications; in addition, a fine of up to five hundred thousand yuan (RMB500,000) may be imposed.

**Article 31** A futures market participant that violates the rules of the Exchange on trading code management in any of the following ways shall be required to make corrections and subject to forfeiture of any gains arising from the violation; depending on the severity of the violation, such party may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, forced position liquidation, suspension of position opening for no more than twelve (12) months, suspension of part of its futures or options business, or revocation of relevant qualifications; in addition, a fine of up to five hundred thousand yuan (RMB500,000) may be imposed:

(i) providing or assisting in providing fake account opening materials;

(ii) with respect to a Market Maker, allowing others to use its market making trading code through lease, lending, delegated market making or otherwise, or using the code to engage in transactions irrelevant to market making;

(iii) using another party’s market making trading code to make markets on behalf of that party;

(iv) stealing, defrauding, or borrowing other’s trading code for commission of violation;

(v) lending the trading code or failing to keep it secure, as a result of which the code is used by others for commission of rule violation; or

(vi) engaging in any other activity that violates the rules of the Exchange on trading code management.

**Article 32** A futures market participant that violates any trading management rules in any of the following ways shall be required to make corrections and be subject to forfeiture of any earnings arising from the violation; depending on the severity of such violation, such futures market participant may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, forced position liquidation, suspension of part of its futures or options business, suspension of position opening for no more than twelve (12) months, revocation of relevant qualifications, and/or being declared as a “prohibited market participant”; in addition, a fine of up to five hundred thousand yuan (RMB500,000) may be imposed if there are no earnings resulting from the violation or the amount of the earnings is less than one hundred thousand yuan (RMB100,000), or a fine of one (1) to five (5) times the amount of the earnings may be imposed if the earnings are no less than one hundred thousand yuan (RMB100,000):

(i) alone or in conspiracy with others, taking its or their advantages in funds, positions, or information to trade in a futures contract repeatedly or jointly so as to influence or attempt to influence the trading price or volume of the contract;

(ii) employing improper means alone or in conspiracy to evade and exceed the Exchange’s position limit so as to influence or attempt to influence market prices and disrupt market order;

(iii) executing a trade in collusion with others at such time and price and in such matter as previously agreed upon or arranged to influence or attempt to influence the prices of futures trading or volume, shift funds between accounts, disrupt the market, or seek unjust enrichment;

(iv) placing orders for purposes other than execution, engaging in trades opposite to the orders submitted, or otherwise seeking the benefits of such activities, so as to influence or attempt to influence the prices or volume of futures trading, mislead other market participants, incur additional system load, or disrupt the market;

(v) trading between accounts under its actual control so as to influence or attempt to influence the prices or volume of futures trading, shift funds between accounts, disrupt the market, or seek unjust enrichment;

(vi) with respect to any person with access to or has illegally obtained insider information on futures trading that has a material impact on futures prices, or any person that has come to know the Exchange’s commercial secrets that have the same impact, using the insider information or commercial secrets to conduct futures trading or disclosing them to enable others to conduct futures trading, before they are publicly available;

(vii) cornering the spot market, taking up the storage capacity of Delivery Warehouses without bona fide reasons, or controlling a significant quantity of standard warrants to influence or attempt to influence the futures market or physical delivery;

(viii) fabricating or spreading false information, misleading information, or unsubstantiated information of major impact to influence futures trading prices or volume, and engaging in related transactions or seeking unjust enrichment;

(ix) making public comments, forecasts, or investment advice on contracts or the underlying to influence futures trading prices or volume, and conducting futures transactions in opposite direction of such comments, forecasts, or investment advice or seeking unjust enrichment;

(x) placing trading orders through program trading which has undermined the security of the Exchange’s systems or orderly trading;

(xi) disrupting the market through EFP transactions not conducted in good faith;

(xii) engaging in any other activity that violate the rules of the CSRC and the Exchange relating to trading management to influences or attempt to influence the futures trading prices or volume on the Exchange, or disrupt the market.

**Article 33** A futures market participant that is found to fabricate or spread false or misleading information, damage the Exchange’s reputation, or disrupt the futures market shall be required to make corrections and, depending on the severity of the case, may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, forced position liquidation, suspension of part of its futures or options business, suspension of position opening for no more than twelve (12) months, revocation of relevant qualifications, or being declared as a “prohibited market participant”; in addition, a fine of up to five hundred thousand yuan (RMB500,000) may be imposed.

**Article 34** The Exchange may adjust the settlement price of the day or final settlement price if a futures market participant:

(i) trades a futures contract between accounts under its actual control which has significantly influenced the final settlement price or the results of exercising an option; or

(ii) has committed any other violation that has led to abnormal fluctuation of the trading price of a futures contract or sudden, wide deviation of the trading price from the market price, significantly influencing the final settlement price or the results of exercising an option.

**Article 35** If the Exchange finds through a formal investigation that a futures market participant has engaged in any of the following suspected illegal activities, the Exchange shall inform the CSRC and recommend it to initiate an investigation, and may impose other restrictive measures such as restriction of withdrawal of funds or suspension of position opening:

(i) market manipulation;

(ii) insider trading;

(iii) fabrication or spreading of false information; or

(iv) commission of any other suspected illegal activities a.

**Article 36** A floor representative that engages in any of the following activities shall be required to make corrections; depending on the severity of the case, such party may be subject to such disciplinary actions from the Exchange such warning, reprimand, public censure, suspension of trading on the floor for no more than twelve (12) months, and/or revocation of his or her floor representative status; in addition, a fine of no less than one thousand yuan (RMB1,000)and no more than ten thousand yuan (RMB10,000) may be imposed:

(i) breaching any management rules of the Exchange on the trading floor;

(ii) failing to follow the prescribed operating procedures so as to damages the trading system;

(iii) dismantling or moving any equipment on the trading floor or installing telephone lines and other devices without authorization;

(iv) obtaining the floor representation status by fraud, cheating, or other improper means;

(v) counterfeiting, tampering with, or borrowing a floor representative badge; or

(vi) accepting and executing orders from any Members other than the Member designating such floor representative and from individuals.

The Member that has designated the floor representative shall be liable for the damages caused by the floor representative’s activities described in sub-paragraphs (ii) and (iii) hereof.

**Article 37** A settlement clerk that engages in any of the following activities shall be required to make corrections; depending on the severity of the case, the settlement clerk may be subject to such disciplinary actions from the Exchange as warning reprimand, public censure, suspension of his or her settlement clerk status for no more than twelve (12) months, and/or revocation of his or her settlement clerk status; in addition, a fine of no less than one thousand yuan (RMB1,000) and no more than ten thousand yuan (RMB10,000) may be imposed:

(i) obtaining the settlement clerk status by fraud, cheating, or other improper means; or

(ii) counterfeiting, tampering with, or borrowing a settlement clerk certificate.

If the Member that employs the settlement clerk is at fault during such activity, it shall be liable therefor.

**Article 38** A Delivery Storage Facility that engages in any of the following activities shall be required to make corrections and be subject to forfeiture of any earnings arising from the violation; depending on the severity of the case, the Delivery Storage Facility may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, reduction of approved storage capacity, suspension of delivery business, revocation of its qualification as a Delivery Storage Facility, and/or being declared as a “prohibited market participant”; in addition, a fine of up to five hundred thousand yuan (RMB500,000) may be imposed if there are no earnings resulting from the violation or the amount of the earnings is less than one hundred thousand yuan (RMB100,000), or a fine of one (1) to five (5) times the amount of the earnings if the earnings are no less than one hundred thousand yuan (RMB100,000):

(i) engaging in futures trading in violation of applicable national laws or regulations;

(ii) issuing a falsified standard warrant;

(iii) making a declaration, statement, explanation, or clarification that is false or misleading or intentionally withholds or omits important facts;

(iv) moving, disposing of, or stealing and selling commodities intended for delivery without authorization;

(v) divulging the non-public storage information of a futures product or spreading false information to mislead the market;

(vi) failing to timely inform the Exchange or issue an announcement to the market as required by the Exchange after a relocation of storage venue, the sealing or seizure by the judicial authority of commodities stored for futures delivery or storage facilities, or the occurrence of a material risk event such as the commodities have been seriously damaged or destroyed;

(vii) acting in collusion with others to influence or attempt to influence the market prices of futures;

(viii) mixing commodities of different grades (designations), trademarks, specifications, and qualities for standard warrants;

(ix) delivering commodities that are inconsistent with the descriptions in the accompanying documents;

(x) delivering commodities that lack all or some of the prescribed supporting documents;

(xi) delivering commodities that are inconsistent with the number of bundles and pieces, and packages prescribed by the Exchange;

(xii) issuing a standard warrant without completing the prescribed inspections;

(xiii) failing to review the information in the Standard Warrant Management System or to maintain inventory and other data in a timely and effective manner, which has caused serious consequence;

(xiv) committing an error in load-in or load-out;

(xv) causing any commodities in storage to deteriorate or diminish due to improper preservation;

(xvi) damaging any commodities or their packages in such operations as handling, loading, and stacking;

(xvii) charging unreasonable fees for delivering any commodities;

(xviii) intentionally obstructing the performance of a buyer or seller, leading to breach of contract by either of them;

(xix) restricting the load-in or load-out of any deliverable commodity in violation of the delivery rules of futures;

(xx) rejecting or obstructing the supervisions and inspections conducted by the Exchange pursuant to laws and regulations;

(xxi) delaying physical delivery and refusing to cooperate with inspection agencies in inspections without justified reason; or

(xxii) engaging in any other activity that violate the rules of the CSRC and the Exchange.

Any delivery service provider that has engaged in any of the activities as described in the preceding paragraph shall be penalized in accordance with the preceding paragraph.

**Article 39** If a futures market participant defaults during physical delivery or disrupts the physical delivery process by other improper means, the futures market participant may, depending on the severity of the violation, be subject to such disciplinary actions from the Exchange as, warning, reprimand, or public censure, suspension of position opening for no more than twelve (12) months, and/or suspension of part of its futures or option business ; in addition, a fine of up to five hundred thousand yuan (RMB500,000) may be imposed.

**Article 40** A Designated Inspection Agency that engages in any of the following activities shall be required to make corrections; depending on the severity of the case, the Designated Inspection Agency may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, suspension of its designated inspection business, or revocation of its qualification as a Designated Inspection Agency; in addition, a fine of up to five hundred thousand yuan (RMB500,000) may be imposed:

(i) violating relevant laws and regulations on the measuring and inspections of delivery commodities;

(ii) issuing or assisting in issuing falsified inspection reports;

(iii) refusing to cooperate with the Delivery Storage Facilities or owners of commodities in timely inspection without justified reason, and thus affecting the normal operation of loading or unloading; or

(iv) engaging in other conducts that violate the rules of the Exchange relating to the management of Designated Inspection Agencies.

**Article 41** A Designated Depository Bank that fails to perform its obligations provided in the *Clearing Rules of the Shanghai Futures Exchange*, *Designated Depository Banks Rules of the Shanghai Futures Exchange*, and other relevant rules of the Exchange shall be required to make corrections. Furthermore, depending on the severity of the violation, the Designated Depository Bank may be subject to such disciplinary actions from the Exchange as warning, reprimand, or public censure suspension of part of its depository bank business, and/or revocation of its qualification as a Designated Depository Bank; in addition, a fine of up to five hundred thousand yuan (RMB500,000) may be imposed.

**Article 42** A futures market participant that disrupts the trading management order by whatever means shall be required to make corrections. Furthermore, depending on the severity of the case, futures market participant may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, suspension of part of its futures or options business, suspension of position opening for no more than twelve (12) months, revocation of relevant qualifications, and/or being declared as a “prohibited market participant”; in addition, a fine of up to five hundred thousand yuan (RMB500,000) may be imposed.

**Article 43** A futures market participant that engages in any of the following activities shall be required to make corrections; depending on the severity of the case, the futures market participant may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, suspension of position opening for no more than twelve (12) months, suspension of part of its futures or options business, revocation of relevant qualifications, and/or being declared as a “prohibited market participant”; in addition, a fine of up to five hundred thousand yuan (RMB500,000) may be imposed:

(i) refusing, hindering, delaying or otherwise not cooperating with the Exchange in an inspection or investigation, or violating the confidentiality obligations;

(ii) failing to undergo an investigation or inspection at such time or in such manner as required by the Exchange without any justified reason;

(iii) making any declaration, representation, statement, or clarification which is fraudulent or misleading, or omits any material facts, or providing false documents, materials, or information;

(iv) failing to comply with the disciplinary action, any restrictive measures or other self-regulatory measures taken by the Exchange; or

(v) failing to comply with the risk warning rules or correction requirements of the Exchange.

## CHAPTER 4 RULING AND ENFORCEMENT

**Article 44** The Exchange will, after investigating and verifying the facts of a violation and the validity of the evidence, make a ruling according to its *Articles of Association*, *General Exchange Rules*, and these *Enforcement Rules*, and shall subject the futures market participant involved to discipline actions or other self-regulatory measures.

The disciplinary actions shall be decided and implemented by the Exchange, and other self-regulatory measures by the Exchange or departments designated by the Exchange.

**Article 45** The Exchange shall set up a disciplinary hearing body to hear violations to which disciplinary actions are to be imposed.

**Article 46** The revocation of membership or the declaration of “prohibited market participant” shall be decided by the Board of Directors of the Exchange.

**Article 47** When making a ruling on disciplinary actions, the Exchange shall issue a decision.

The decision on disciplinary actions shall specify the followings:

(i) name and domicile of each party concerned;

(ii) facts and evidence of the violation;

(iii) type and basis of the disciplinary actions;

(iv) the way of performance and effective period of the disciplinary actions;

(v) methods and period of requesting for a review; and

(vi) date of the decision.

**Article 48** The Exchange shall serve the decision on disciplinary action on the party concerned and report a copy thereof to the CSRC. The Exchange may serve the decision directly or by entrusting other institutions. The means of service shall include such methods as post, electronic message, or announcement.

If the decision is sent by post, it shall be deemed delivered on the fifth (5th) trading day of dispatch in the PRC and the tenth (10th) trading day of dispatch outside of the PRC. If the decision is sent by electronic message, it shall be deemed delivered on the day the decision enters the recipient’s designated electronic messaging system.

If the party concerned is unaccounted, evading or avoiding the service, or cannot be reached by other means, the Exchange may publish an announcement on its website, and the decision shall be deemed delivered on the tenth (10th) trading day of the announcement.

If the decision is sent by two or more methods, the delivery date shall be the earlier day of delivery.

The mailing address, fax number, telephone number, e-mail address and other contact information of the party concerned shall be subject to the unified account opening system of the futures market. If the party does not keep accurate contact information or does not inform the Exchange in writing of any change in its information, it shall bear the consequences of not being able to receive the decision on disciplinary actions.

The Exchange may refer to the preceding paragraph for the delivery of documents, notices, and materials relating to the investigation and handling of violations.

**Article 49** A decision of the Exchange on disciplinary actions will be effective from the date of service.

The party concerned may request for a review in writing to the Exchange within ten (10) trading days of the effective date of the decision. The decision will still be enforced during the review process.

**Article 50** The Exchange shall make a decision on a review within two (2) months of receiving it and the decision is final.

**Article 51** Futures market participants shall implement or cooperate in implementing the decision of the Exchange on disciplinary actions. If a futures market participant fails to perform or cooperate in performing the relevant obligations under the decision on disciplinary actions, the Exchange may enforce its performance.

**Article 52** If the decision on disciplinary actions includes any fine and forfeiture, the party concerned shall, within five (5) trading days after the effective date of the decision on disciplinary actions, remit the fine and forfeiture in full to an account designated by the Exchange. Any fine and forfeiture imposed on any staff members of the Member shall be paid by the Member on their behalf; any fine or forfeiture imposed on any staff members of a Delivery Storage Facility shall be paid by the Delivery Storage Facility on their behalf.

The FF Member, OSBP, or Overseas Intermediary shall cooperate with the Exchange in enforcing the decision on disciplinary actions against a Market Maker or Client and deduct from its fund that is under the control of the Member.

If a futures market participant fails to pay the fine and forfeiture within the prescribed period, the Exchange may subject it to such measures as suspension of position opening or suspension of part of its futures or options business until the fine and forfeiture are paid.

**Article 53** Any person that is declared as a “prohibited market participant” by the Exchange shall, within twenty (20) trading days upon the effective of the declaration, liquidate all his/her open positions, conclude relevant business activities, and settle any claims and debts with the Exchange. A person that fails to liquidate his/her open positions shall be subject to a forced position liquidation by the Exchange.

Any person that is declared as a “prohibited market participant” or “persona non grata to the market” by the CSRC or another futures exchange shall not, as long as such ban is effective, engage in the futures or options business on the Exchange. The existing positions held the person through the Exchange shall be liquidated by reference to the preceding paragraph.

**Article 54** The Exchange may, depending on the circumstances, publish the disciplinary actions imposed on futures market participants through its website or by other means, and record them in the integrity file database for securities and futures markets in accordance with the applicable provisions of the CSRC.

## CHAPTER 5 DISPUTE MEDIATION

**Article 55** Any dispute between futures market participants over their futures business may be settled through negotiation or submitted to the Exchange for mediation.

**Article 56** The mediator of the Exchange is the Legal and Mediation Committee (the “Mediation Committee”) of the Board of Directors. Its office is in the Legal Department of the Exchange.

**Article 57** Mediation shall be carried out based on the established facts and accountability in accordance with national laws and regulations on futures trading and the rules of the Exchange.

**Article 58** The party applying for mediation shall:

(i) have an application form for mediation;

(ii) demonstrate specific facts, grounds, and claims; and

(iii) raise a mediation request that falls within the authority of the Mediation Committee.

**Article 59** The party applying to the Mediation Committee for mediation shall submit an application form and relevant materials.

The application form shall specify the followings:

(i) if the party is an individual, his or her name, ID card number, domicile, telephone number; if the party is an organization, its name, unified social credit identifier, domicile, and telephone number;

(ii) the facts, grounds, and claims of the mediation request; and

(iii) relevant evidence.

**Article 60** Upon receiving a mediation application, the Exchange’s Mediation Committee shall carefully examine the relevant materials and notify the party concerned in writing whether the application is accepted.

**Article 61** The Exchange’s Mediation Committee will reject a mediation application, if:

(i) any party concerned has filed an action with a people’s court;

(ii) any party concerned has applied to an arbitration institution for arbitration;

(iii) one party has requested for mediation, while the other party refuses; or

(iv) the Mediation Committee otherwise determines to do so.

**Article 62** The Exchange’s Mediation Committee shall conclude mediation within two (2) months of accepting the mediation application. If a dispute is too complex to be solved within the specified time period, the Mediation Committee will terminate the mediation, unless the disputing parties agree to continue.

**Article 63** The Exchange’s Mediation Committee may terminate mediation, if:

(i) any party concerned does not participate in the mediation or withdraws from the process without permission;

(ii) the matter for mediation involves the interest of a third person, and the third person does not participate in the mediation or disagrees with the results of the mediation;

(iii) during the mediation, any party concerned files a legal action or applies for arbitration with respect to the matter for mediation;

(iv) during the mediation, either party requests to terminate the mediation;

(v) a mediation agreement is not reached within the specified time period; or

(vi) there are other circumstances requiring termination as recognized by the Mediation Committee.

**Article 64** According to applicable rules, the parties concerned bear the burden of proof. The Mediation Committee may investigate and collect evidence as it deems necessary.

**Article 65** In mediating a dispute, the Mediation Committee shall find the facts, clarify the accountability, and encourage the disputing parties to reach an agreement on a voluntary basis.

**Article 66** The agreement reached through mediation shall be recorded on file, and a mediation statement shall be made. The statement will become effective upon being signed by the disputing parties and the mediator and stamped with the seal of the Mediation Committee.

**Article 67** If the mediation fails, the parties may refer the dispute to an arbitration institution for arbitration or to a people’s court for litigation.

## CHAPTER 6 MISCELLANEOUS

**Article 68** Except as otherwise specified, the “futures market,” “futures business,” and “futures trading” in these *Enforcement Rules* include options activities.

For the purpose of these *Enforcement Rules*, “DeliveryStorage Facilities” include Delivery Warehouses and Delivery Factories.

**Article 69** For the purpose of these *Enforcement Rules*, “or more” and “up to” include the number that follows. The currency in these *Enforcement Rules* is RMB yuan. The equivalent RMB amount of foreign currencies is determined in accordance with the exchange rate at the time of the relevant act.

**Article 70** The Exchange reserves the right to interpret these *Enforcement Rules*.

**Article 71** These *Enforcement Rules* take effect on August 8, 2025.